

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
KRISTIN K. MAYES

In the matter of:	)	DOCKET NO. S-03566A-04-0000
)	
NOEL EUGENE CULLISON and BARBARA)	
CULLISON, husband and wife,	)	DECISION NO. <u>67536</u>
3108 East Siesta Lane)	
Phoenix, AZ 85050)	
	)	ORDER TO CEASE AND DESIST,
SOLUTIONS, SOURCES, & CONSULTING,	)	ORDER OF RESTITUTION, ORDER
LLC	)	FOR ADMINISTRATIVE PENALTIES
3108 East Siesta Lane	)	AGAINST NOEL EUGENE CULLISON
Phoenix, AZ 85050	)	and BARBARA CULLISON,
	)	SOLUTIONS, SOURCES, &
ENERGY SAVINGS SOLUTION, INC.	)	CONSULTING, LLC AND ENERGY
3108 East Siesta Lane	)	SAVINGS SOLUTION, INC.
Phoenix, AZ 85050)	
)	
Respondents.)	

16 On September 30, 2004, the Securities Division ("Division") of the Arizona Corporation
17 Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order
18 To Cease and Desist, Order for Restitution, for Administrative Penalties and for Other Affirmative
19 Relief ("Notice") with respect to Respondents Noel Cullison, Barbara Cullison, Solutions, Sources,
20 & Consulting, LLC ("SSL") and Energy Savings Solution, Inc. ("ESS") (collectively
21 "Respondents"). The Division served the Notice on the Respondents via certified mail, return
22 receipt requested. Respondents received the Notice on October 14, 2004. The Notice specified that
23 the Respondents would be afforded an opportunity for an administrative hearing regarding this
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1 matter upon filing a written request with Docket Control of the Commission within ten days of
2 receipt of the Notice. The Respondents failed to request a hearing within the required time.

3 **I.**

4 **FINDINGS OF FACT**

5 1. Respondent Noel Eugene Cullison ("Cullison") resides at 3108 East Siesta Lane,
6 Phoenix, AZ 85050.

7 2. Respondent Solution, Sources, and Consulting, LLC ("SSC") is an Arizona limited
8 liability company, located at 3108 East Siesta Lane, Phoenix, AZ 85050. Cullison formed SSC
9 and is a member of it.

10 3. Respondent Energy Savings Solution, Inc. ("ESS") is an Arizona corporation, located
11 at 3108 East Siesta Lane, Phoenix, AZ 85050. Cullison is ESS's president, secretary and treasurer.
12 The Commission administratively dissolved ESS on July 6, 2004, for failure to file its annual report.

13 4. Barbara Cullison was at all relevant times the spouse of Cullison. Barbara Cullison is
14 joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the
15 marital community.

16 5. At all times relevant, Cullison was acting for his own benefit, and for the benefit or in
17 furtherance of the marital community.

18 6. Cullison, SSC and ESS may be collectively referred to as "Cullison Respondents."
19 Barbara Cullison may be referred to as Respondent Spouse.

20 7. Beginning in 1994, the Cullison Respondents offered stock, promissory notes or
21 investment contracts to investors. The Cullison Respondents raised \$1,753,419.29 from 16 investors,
22 most of whom are Arizona residents.

23 8. Cullison was an Arizona licensed insurance agent for Northwest Mutual Life
24 Insurance Company ("Northwestern Mutual") until July 2001 when he failed to renew his license.
25 Most of the investors were clients of Northwestern Mutual and Cullison.

1 9. Cullison offered several investment opportunities to the investors. With one
2 investment, he told investors that he had a personal investment account at Northwestern Mutual that
3 paid 8.8%. He told investors that if they provided him funds, he would place their funds in his
4 account and pay them that interest. Those investors who accepted this opportunity received a
5 promissory note signed by Cullison for the amount invested. Cullison did not provide any documents
6 to investors regarding the alleged account at Northwestern Mutual. In fact, Cullison had no such
7 account at Northwestern Mutual in which he could place investor funds.

8 10. Cullison told other investors that his company, SSC, had contracts to provide ice
9 machines to U.S. Navy ships in San Diego, California. He told investors that SSC would use the
10 funds as capital for the company, to build facilities to service the contracts or to purchase the
11 machines to be sold to the Navy. SSC had no contracts to provide any equipment or services to the
12 Navy.

13 11. Cullison solicited other investors with an investment opportunity in ESS. He told
14 them that ESS, which he owned, was marketing a product which would prevent power surges in
15 electrical current to buildings. Cullison offered stock in ESS to prospective investors. At least
16 one investor received a letter confirming that he owned a percentage of the company, although no
17 shares were issued to him. Other investors in ESS received notes signed by Cullison.

18 12. Cullison told other investors that he had the opportunity to broker the sale of a group
19 of nursing homes in the Midwest. He informed the investors that he would receive a fee upon the
20 completion of the transaction. He told them that he would use to money from investors to fund
21 expenses incurred in attempting to arrange the sale.

22 13. Some of the investors, at Cullison's suggestion, took money out of Northwestern
23 Mutual life insurance policies that they owned to invest with the Cullison Respondents. At least some
24 of the investors did not realize that they were borrowing money from their insurance policy and would
25 be charged interest by Northwestern Mutual for their policy loans.

2. The Cullison Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. The Cullison Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. The Cullison Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. The Cullison Respondents violated A.R.S. § 44-1991 by offering or selling securities within or from Arizona by (a) employing a device, scheme or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

6. Cullison directly or indirectly controlled SSC and ESS within the meaning of A.R.S. § 44-1999. Therefore, he is liable to the same extent as SSC and ESS for its violations of A.R.S. § 44-1991.

7. The Cullison Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

8. The Cullison Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

9. The Cullison Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

1 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that the Cullison Respondents, their agents,
2 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that the Cullison Respondents
4 and Barbara Cullison shall, jointly and severally, pay restitution to investors shown on the records
5 of the Commission in the amount of \$1,179,186.01, plus interest at the rate of 10% per annum
6 from the date of each investment until paid in full. The Cullison Respondents and Barbara Cullison
7 shall be entitled to setoffs for restitution paid to investors and verified by the Director of
8 Securities. Payment shall be made by cashier's check or money order payable to the "State of
9 Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona
10 Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to
11 investors. If all investors are paid in full, any excess funds shall revert to the state of Arizona. If
12 the Cullison Respondents and Barbara Cullison do not comply with this order of restitution, any
13 outstanding balance shall be in default and shall be immediately due and payable without notice or
14 demand.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that the Cullison Respondents
16 and Barbara Cullison shall, jointly and severally, pay an administrative penalty in the amount of
17 \$50,000, payable to the "State of Arizona." Payment shall be made in full by cashier's check or
18 money order on the date of this Order. If the Cullison Respondents and Barbara Cullison do

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not comply with this order for administrative penalties, any outstanding balance may be deemed in default and shall be immediately due and payable without notice or demand.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

/s/ Jeffrey Hatch-Miller
CHAIRMAN

Marc Spitzer
COMMISSIONER

William A. Mundell
COMMISSIONER

Lowell Gleason
COMMISSIONER

Kristin Mayes
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
Executive Secretary of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this 31st day of
January, 2005

/s/ Brian C. McNeil
BRIAN C. McNEIL
Executive Secretary

DISSENT

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This document is available in alternative formats by contacting Linda Hogan, Executive Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail lhogan@cc.state.az.us.
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